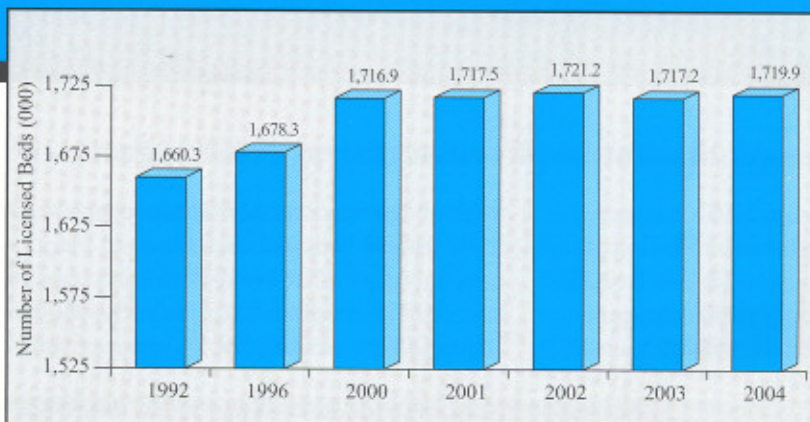


## NURSING HOME BED COUNT STABILIZES OVER FIVE YEARS

In the five-year period from 1999 to 2004, the number of licensed nursing home beds in the U.S. rose only fractionally, hovering at slightly more than 1.7 million.

Conversely, the number of licensed beds rose 6.7% in the preceding ten-year period from 1988 to 1998.



Data source: Verispan LLC © 2005

## Alternate Care Industry Summary

- This summary of the Digest addresses two segments of the alternate care industry: nursing homes and home health care agencies.
- The number of nursing homes operating in the U.S. increased fractionally, to 15,300 in 2004 from 15,245 in 2003, the highest total in four years.
- For the fourth straight year, the ratio of nursing home beds to 1,000 people age 65 and older fell, to 47.4 from 47.8 in 2003.
- The average occupancy rate at nursing homes declined for the second straight year in 2004, to 84.5% from 85.3% in 2003.
- The 35 largest nursing home chains in the nation owned or leased 3,388 facilities (down from 3,523 in 2003), accounting for 22.1% of all licensed nursing homes (down from 23.1%).
- The average number of licensed beds per facility in the nation's top 35 nursing home chains slipped in 2004, to 112.6 from 113.5 in 2003.
- The number of home care agencies grew 3.2%, to 12,284 from 11,903 in 2003, the third consecutive annual increase.
- The number of independent proprietary home care agencies in the U.S. jumped 16.4%, to 3,423 from 2,940 in 2003.
- The ratio of home care agencies to 1,000 individuals age 65 and older rose slightly, to 0.34 from 0.33 the previous year.
- The ratio of agencies that had fewer than 101 visits per week (the lowest weekly average) to all home care agencies nationwide climbed to 20.0% from 16.0% in 2003. Conversely, the ratio of agencies that had 501 or more visits per week (the highest weekly average) to all such agencies slipped to 17.4% from 20.1% the year before.
- The 35 largest home care chains operated 18.2% of all agencies, down moderately from 2003.
- Four for-profit chains replaced four not-for-profit chains on the top 35 home care chain list.

### REGIONS

#### Pacific

Alaska  
California  
Hawaii  
Oregon  
Washington

#### Mountain

Arizona  
Colorado  
Idaho  
Montana  
Nevada  
New Mexico  
Utah  
Wyoming

#### W. North Central

Iowa  
Kansas  
Minnesota  
Missouri  
Nebraska  
North Dakota  
South Dakota

#### E. North Central

Illinois  
Indiana  
Michigan  
Ohio  
Wisconsin

#### South Central

Alabama  
Arkansas  
Kentucky  
Louisiana  
Mississippi  
Oklahoma  
Tennessee  
Texas

#### New England

Connecticut  
Maine  
Massachusetts  
New Hampshire  
Rhode Island  
Vermont

#### Mid-Atlantic

New Jersey  
New York  
Pennsylvania

#### South Atlantic

Delaware  
D.C.  
Florida  
Georgia  
Maryland  
North Carolina  
South Carolina  
Virginia  
West Virginia



## Total number of nursing homes in the U.S. increases slightly

The number of licensed nursing homes in the U.S. rose only fractionally in 2004, to 15,300 from 15,245 in 2003, yet this total was the highest in four years. Moderate growth in the numbers of the smallest nursing homes—

those with fewer than 50 beds (to 1,458 from 1,415 the previous year)—and those mid-sized nursing homes with between 151 and 200 licensed beds (to 1,780 from 1,737) accounted for much of the slight increase.

NUMBER OF NURSING HOMES AND LICENSED BEDS IN EACH STATE, BY BED SIZE

STATE	<50 Beds		50-100 Beds		101-150 Beds		151-200 Beds		201+ Beds		Total NHs	Total Beds	Beds/1,000*
	NHs	Beds	NHs	Beds	NHs	Beds	NHs	Beds	NHs	Beds			
Alabama	7	235	81	6,119	83	10,174	38	6,561	14	3,326	223	26,415	44.2
Alaska	2	83	4	306	—	—	—	—	1	224	7	613	14.6
Arizona	4	125	34	2,422	65	7,871	23	4,071	10	2,320	136	16,809	23.0
Arkansas	4	150	91	7,264	118	13,875	13	2,120	4	1,011	230	24,420	64.1
California	160	6,096	665	53,564	214	26,874	113	19,536	49	12,206	1,201	118,276	30.9
Colorado	27	1,044	88	6,470	66	7,949	16	2,803	6	1,365	203	19,631	43.5
Connecticut	14	528	77	5,873	107	13,456	31	5,380	19	4,978	248	30,215	63.8
Delaware	4	130	12	904	21	2,414	6	984	1	397	44	4,829	44.3
Florida	27	911	133	9,400	372	44,438	103	17,952	37	9,280	672	81,981	28.0
Georgia	12	453	109	8,089	159	18,412	35	5,925	24	5,819	339	38,698	45.7
Hawaii	6	242	10	828	7	839	2	340	3	780	28	3,029	17.6
Idaho	11	426	23	1,665	24	2,882	3	471	—	—	61	5,444	34.3
Illinois	33	1,321	281	21,971	243	29,796	99	17,327	142	36,606	798	107,021	70.4
Indiana	51	1,952	187	13,940	159	18,878	62	10,864	37	10,841	496	56,475	73.2
Iowa	73	2,899	262	17,939	69	7,847	13	2,263	7	2,288	424	33,236	76.7
Kansas	65	2,672	197	13,459	54	6,382	15	2,532	6	1,537	337	26,582	75.0
Kentucky	27	992	118	8,661	102	12,132	16	2,703	5	1,288	268	25,776	49.6
Louisiana	6	189	58	4,700	152	18,550	64	10,875	17	3,945	297	38,259	72.5
Maine	40	1,408	60	4,192	13	1,472	—	—	2	499	115	7,571	39.9
Maryland	22	814	49	3,668	85	10,660	42	7,178	24	6,375	222	28,695	45.2
Massachusetts	54	1,941	119	9,179	203	25,181	69	11,591	18	4,310	463	52,202	61.1
Michigan	27	975	126	9,353	164	19,753	62	10,571	28	6,772	407	47,424	38.0
Minnesota	59	2,161	188	13,225	84	10,145	26	4,521	19	5,425	376	35,477	57.7
Mississippi	8	234	84	5,717	77	9,437	12	2,111	4	1,118	185	18,617	52.8
Missouri	28	950	222	16,301	205	24,747	44	7,557	25	6,684	524	56,239	73.4
Montana	15	576	23	1,784	20	2,247	6	1,074	2	501	66	6,182	48.9
Nebraska	61	2,429	102	6,994	28	3,272	11	1,899	3	911	205	15,505	66.9
Nevada	1	20	6	535	15	1,824	7	1,284	5	1,225	34	4,888	18.7
New Hampshire	14	426	33	2,432	26	3,025	4	672	5	1,369	82	7,924	50.6
New Jersey	28	949	66	4,464	118	14,243	84	14,745	55	15,286	351	49,687	44.1
New Mexico	9	295	28	2,039	32	3,774	2	338	2	619	73	7,065	30.8
New York	35	1,315	90	7,079	149	18,103	147	26,252	199	65,076	620	117,825	47.3
North Carolina	28	725	133	9,988	183	21,825	39	6,740	13	3,212	396	42,490	41.2
North Dakota	17	660	33	2,188	15	1,775	5	862	2	542	72	6,027	64.7
Ohio	80	2,793	304	21,795	378	43,452	117	20,237	66	17,851	945	106,128	69.6
Oklahoma	26	1,048	184	12,861	126	14,759	20	3,359	8	2,059	364	34,086	73.4
Oregon	20	735	69	5,199	42	4,860	10	1,670	2	423	143	12,887	28.0
Pennsylvania	64	2,325	165	11,716	270	33,405	103	17,951	77	23,945	679	89,342	47.1
Rhode Island	19	698	35	2,404	28	3,526	12	2,039	7	1,708	101	10,375	68.9
South Carolina	34	1,350	58	4,897	59	7,365	20	3,469	5	1,714	176	18,795	36.1
South Dakota	38	1,534	53	3,560	11	1,291	3	534	—	—	105	6,919	63.2
Tennessee	17	623	90	6,776	134	16,427	47	8,027	17	4,334	305	36,187	49.0
Texas	51	1,983	394	29,823	528	64,031	104	18,062	39	9,530	1,116	123,429	55.7
Utah	18	619	34	2,456	27	3,110	6	970	3	704	88	7,859	37.8
Vermont	14	439	13	901	9	1,088	6	983	—	—	42	3,411	42.2
Virginia	26	929	88	5,955	93	11,233	47	8,474	19	5,154	273	31,745	37.5
Washington	35	1,319	101	7,942	84	10,034	17	2,858	4	871	241	23,024	32.7
Washington DC	1	20	5	286	—	—	4	719	6	1,748	16	2,773	41.3
West Virginia	2	85	55	3,827	41	4,877	8	1,460	1	214	107	10,463	37.6
Wisconsin	31	1,086	174	12,642	105	12,553	41	7,149	20	5,117	371	38,547	53.9
Wyoming	3	128	11	811	8	970	3	510	—	—	25	2,419	39.6
<b>TOTAL</b>	<b>1,458</b>	<b>54,040</b>	<b>5,625</b>	<b>416,563</b>	<b>5,375</b>	<b>647,233</b>	<b>1,780</b>	<b>308,573</b>	<b>1,062</b>	<b>293,507</b>	<b>15,300</b>	<b>1,719,916</b>	<b>47.4</b>

Data source: Verispan LLC © 2005

## NURSING HOME BEDS PER 1,000 RATIO CONTINUES TO FALL

For the fourth consecutive year in 2004, the ratio of licensed nursing home beds to 1,000 individuals age 65 and older fell, to 47.4 from 47.8 in 2003. This ratio has not undergone an annual increase since 1998 (to 51.9 from 51.3 in 1997), and has dropped 10.9% since 1994 (53.2). Nursing homes in Iowa had the highest ratio of beds per 1,000 people age 65 and older, but that ratio declined, for the fifth straight year, to 76.7 from 78.4 the previous year.

## ONE-THIRD OF ALL NURSING HOME BEDS ARE IN FIVE STATES

Five states—Texas (123,429), California (118,276), New York (117,825), Illinois (107,021) and Ohio (106,128)—accounted for 33.3% (572,679) of the 1.7 million licensed nursing home beds nationally, up from 33.2% (569,570) in 2003. The number of licensed nursing home beds rose between 2003 and 2004 in all of these states except Illinois.

\* "Beds/1,000" represents the number of licensed nursing home beds per 1,000 people age 65 and older in that state. State population data are a projection of the U.S. Department of Commerce Bureau of the Census, Population Distribution Branch, published July 2004.



## Ratio of Medicare-certified nursing homes to all homes grows

Medicare-certified facilities accounted for 97.2% of all nursing homes in the U.S. in 2004, up one percentage point from 96.2% in 2003 and a notable seven percentage points since 1997. Between 2003 and 2004, the ratio of

Medicare-certified facilities to all nursing homes increased in all five licensed beds size categories. Meanwhile, the average occupancy rate at nursing homes dropped for the second straight year, to 84.5% from 85.3% in 2003.

### MEDICAID-CERTIFIED LICENSED BED COUNT CONTINUES TO SLIDE

The number of licensed nursing home beds eligible to receive only Medicaid reimbursement declined another 35.8% between 2003 (382,175) and 2004 (245,175). In the six-year period between 1998 and 2004, the number of Medicaid-certified licensed beds plummeted 76.1% from more than 1.0 million. By comparison, the number of licensed nursing home beds that qualified for either Medicare or Medicaid payment continued to grow, to well over 1.3 million—or 77.6% of all beds, up from 69.8% in 2003—from 1.2 million the previous year. The number of these beds more than doubled in the six years from 1998 to 2004. Meanwhile, the number of licensed beds per nursing home rose 12.4%, to 112.4 from 100.0 in 2003.

\* Based on 15,300 nursing homes in the U.S. Overall averages include the smallest homes.

\*\* "Medicare-certified" refers to those nursing home beds that are eligible for Medicare payment under Title XVIII of the Social Security Act. "Medicaid-certified" refers to those nursing home beds that are eligible for Medicaid reimbursement under Title XIX of the Social Security Act. "Medicare/Medicaid" beds qualify for payment from either Medicare or Medicaid. "Other" nursing home beds are paid for by sources other than Medicare and Medicaid, such as private insurance, self-pay and Veterans Affairs.

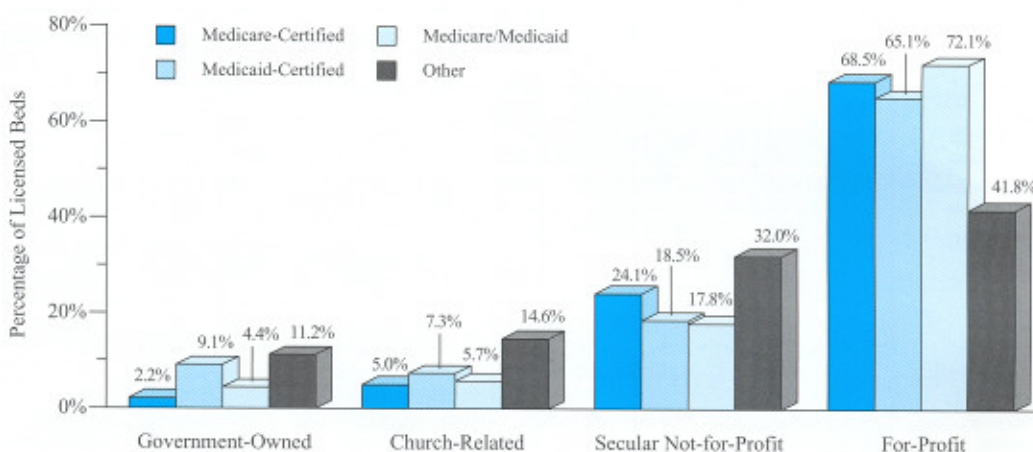
NURSING HOMES, LICENSED BEDS AND OCCUPANCY, BY SIZE\*

SIZE (Licensed Beds)	Percentage of All Nursing Homes	Percentage of All Licensed Beds	Average Occupancy Rate (Licensed Beds)	Medicare-certified Percentage of All Nursing Homes
<50 Beds	9.5%	3.1%	85.3%	89.9%
50-100 Beds	36.8	24.2	84.4	97.5
101-150 Beds	35.1	37.6	84.5	98.7
151-200 Beds	11.6	17.9	84.6	98.3
201+ Beds	6.9	17.1	84.1	97.0
<b>AVERAGE</b>	<b>100.0%</b>	<b>100.0%</b>	<b>84.5%</b>	<b>97.2%</b>

MEDICARE AND MEDICAID BEDS FOR ALL NURSING HOMES\*, \*\*

TYPE OF BED	Total # of Licensed Beds		Avg. # of Licensed Beds/NH	
	2003	2004	2003	2004
Medicare-certified	53,724	60,648	3.1	4.0
Medicaid-certified	382,175	245,175	22.3	16.0
Medicare/Medicaid	1,198,849	1,335,466	69.8	87.3
Other	82,452	78,627	4.8	5.1
<b>TOTAL/AVG.</b>	<b>1,717,200</b>	<b>1,719,916</b>	<b>100.0</b>	<b>112.4</b>

DISTRIBUTION OF LICENSED BEDS, BY OWNER TYPE\*, \*\*



Data source: Verispan LLC © 2005



## Top 35 nursing home chains account for fewer homes, beds

The nation's 35 largest nursing home chains owned or leased 3,388 facilities in 2004 (down 3.8% from 3,523 in 2003), and accounted for 22.1% of all nursing homes (down from 23.1%). Of these homes, 2,071 (61.1%) were

part of the top 10 chains, compared with 2,225 (63.2%) the previous year. These 3,388 nursing homes had 381,477 licensed beds (down 4.6% from 399,812 in 2003), or 22.2% of all licensed beds (down from 23.3%).

THE NATION'S 35 LARGEST NURSING HOME CHAINS\*

CHAIN / HEADQUARTERS	Current Rank	Previous Rank	Tax Status	Total NHs	Total Lic. Beds	Avg. Beds/NH	# of States
Beverly Enterprises / Fort Smith, Ark.	1	1	FP	350	36,202	103.4	24
Manor Care / Toledo, Ohio	2	2	FP	284	38,306	134.9	30
Sava Senior Care / Atlanta, Ga.**	3	3	FP	259	30,863	119.2	23
Kindred Healthcare / Louisville, Ky.	4	4	FP	254	32,041	126.1	29
Life Care Centers Of America / Cleveland, Tenn.	5	5	FP	219	28,458	129.9	28
The Evangelical Luth. Good Samaritan Soc. / Sioux Falls, S.D.	6	6	NFP	192	15,025	78.3	25
Genesis Health Ventures / Kennett Square, Pa.	7	7	FP	170	22,715	133.6	12
Extendicare Health Services / Milwaukee, Wis.	8	9	FP	149	14,931	100.2	11
Trans Healthcare Inc. / Sparks, Md.	9	8	FP	103	11,143	108.2	16
Sun Healthcare Group / Albuquerque, N.M.	10	10	FP	91	9,130	100.3	14
Daybreak Healthcare / Denton, Texas	11	12	FP	78	8,431	108.1	2
National HealthCare Corporation / Murfreesboro, Tenn.	12	11	FP	75	9,344	124.6	10
Five Star Quality Care / Newton, Mass.	13	16	FP	73	6,501	89.1	20
Life Care Services Corporation / Des Moines, Iowa	14	15	FP	69	5,472	79.3	25
Senior Health Management / St. Petersburg, Fla.	15	28	FP	66	8,093	122.6	4
Centennial Healthcare / Atlanta, Ga.	16	13	FP	66	7,127	108.0	17
Sunrise Senior Living / McLean, Va.	17	14	FP	61	3,943	64.6	19
Peak Medical Corporation / Albuquerque, N.M.	18	19	FP	56	6,517	116.4	7
Home Quality Management Inc. / Palm Beach Gardens, Fla.	19	34	FP	53	6,023	113.6	6
Health Systems Inc. / Sikeston, Mo.	20	21	FP	53	4,590	86.6	2
Brithaven Inc. / Kinston, N.C.	21	24	FP	52	6,446	124.0	3
Pruitt Corporation / Toccoa, Ga.	22	—	FP	52	5,428	104.4	4
Sea Crest Health Care Management / Tampa, Fla.	23	20	FP	51	6,534	128.1	1
Tandem Health Care / Maitland, Fla.	24	18	FP	48	4,969	103.5	5
Advocat Diversicare / Franklin, Tenn.	25	23	FP	47	4,945	105.2	8
Skilled Healthcare / Foothill Ranch, Calif.	26	25	FP	46	6,109	132.8	3
Delta Health Group / Pensacola, Fla.	27	26	FP	46	5,632	122.4	3
Evergreen Healthcare / Vancouver, Wash.	28	22	FP	46	4,556	99.0	6
Harborside Healthcare / Boston, Mass.	29	30	FP	43	5,394	125.4	8
Care Initiatives / West Des Moines, Iowa	30	27	NFP	41	3,244	79.1	1
Complete Care Services / Horsham, Pa.	31	29	FP	40	4,957	123.9	3
Ensign Group / San Juan Capistrano, Calif.	32	32	FP	40	4,655	116.4	4
Nexion Health / Eldersburg, Md.	33	31	FP	40	4,640	116.0	4
Northport Health Services / Tuscaloosa, Ala.	34	33	FP	39	4,896	125.5	4
Covenant Care / Aliso Viejo, Calif.	35	35	FP	36	4,217	117.1	7
<b>TOTAL/AVERAGE</b>				<b>3,388</b>	<b>381,477</b>	<b>112.6</b>	

Data source: Verispan LLC © 2005

\* This table includes all nursing homes owned and leased by these chains, and the licensed beds within those homes, as of December 2004.

\*\* Formerly Mariner Health Care.

## EIGHT CHAINS OWN OR LEASE HOMES IN AT LEAST 20 STATES

Of the nation's 35 largest nursing home chains, eight—including the top six—owned or operated homes in at least 20 states in 2004, down from nine in 2003. Seven other chains that were among the 35 largest owned or operated nursing homes in at least 10 states. Manor Care owned or operated facilities in the greatest number of states (30), the first time in three years that Kindred Healthcare (29), has not held that distinction. Of these top 35 nursing home chains, Sea Crest Health Care Management and Care Initiatives each operated nursing homes in the fewest number of states (1) in 2004.

## CHAINS AVERAGE FEWER BEDS PER FACILITY IN 2004

The average number of licensed beds per facility in the nation's 35 largest nursing home chains dropped fractionally, to 112.6 from 113.5 the previous year. Of these top chains, Manor Care, for the second straight year, averaged the greatest number of beds per facility (134.9).



## Medicare beneficiary share of nursing home patient mix grows

For the second consecutive year, the share of all nursing home residents who were Medicare beneficiaries increased, to 12.6% in 2004 from 12.2% in 2003 and from 10.4% in 2002. In 2000, these residents accounted for just 7.4% of

the nursing home patient mix. Although the share of residents who were Medicaid recipients continued to account for the majority of all nursing home patients, that share declined slightly, to 64.2% from 65.2% the year before.

### MEDICAID PATIENT SHARE RISES ALONG WITH SIZE OF HOME

In 2004, the share of nursing home residents who were also Medicaid recipients rose in proportion to the size of the nursing home. Thus, the Medicaid share of nursing home residents accounted for 56.4% (down from 58.9% in 2003) of the total patient mix in the smallest homes—those with fewer than 50 beds. By comparison, Medicaid recipients made up 68.6% (down from 71.8% the previous year) of the nursing home residents in the largest homes—those with more than 200 beds.

### CHURCH-RELATED HOMES HAVE SMALL MEDICAID SHARE

Although the Medicaid recipient share of all residents in church-related nursing homes increased fractionally between 2003 (51.9%) and 2004 (52.3%), that share was the smallest by nursing home owner type. Medicaid recipients accounted for a much higher portion of the total patient mix at for-profit (67.0%) and government-owned (67.7%) nursing homes.

\* Based on 13,705 nursing homes in the U.S.

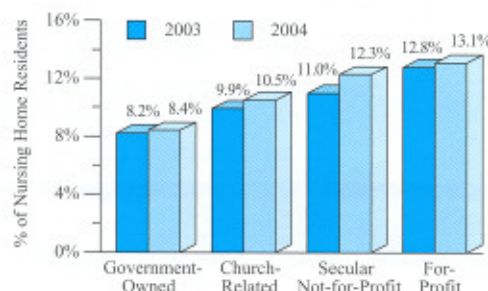
\*\* Based on 14,684 nursing homes in the U.S.

NURSING HOME PATIENT MIX, BY PAYER TYPE

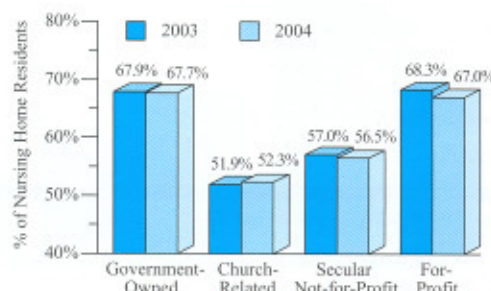
OWNER TYPE	Percentage of Nursing Home Residents			
	Medicare*		Medicaid**	
	2003	2004	2003	2004
Government	8.2%	8.4%	67.9%	67.7%
Church-related	9.9	10.5	51.9	52.3
Secular NFP	11.0	12.3	57.0	56.5
For-Profit	12.8	13.1	68.3	67.0
<b>SIZE (Licensed beds)</b>				
<50 Beds	13.0%	14.2%	58.9%	56.4%
50–100 Beds	11.1	11.6	63.3	62.8
101–150 Beds	13.0	13.4	66.7	65.8
151–200 Beds	12.3	12.9	66.8	66.5
201+ Beds	12.4	11.8	71.8	68.6
<b>REGION</b>				
Pacific	11.8%	12.3%	63.3%	63.1%
Mountain	12.1	12.5	61.6	60.9
West North Central	8.2	8.6	56.7	57.1
East North Central	13.9	13.5	66.1	63.2
South Central	11.5	12.1	71.8	69.9
New England	11.6	12.6	66.4	67.4
Mid-Atlantic	12.4	12.8	64.7	63.9
South Atlantic	14.6	15.7	64.9	64.8
<b>CERTIFICATION</b>				
Medicare-certified	12.2%	12.6%	65.2%	64.2%
Noncertified	10.5	—	73.3	—
<b>AVERAGE</b>	<b>12.2%</b>	<b>12.6%</b>	<b>65.2%</b>	<b>64.2%</b>

NURSING HOME PATIENT MIX, BY OWNER TYPE

MEDICARE BENEFICIARIES\*



MEDICAID RECIPIENTS\*\*



Data source: Verispan LLC © 2005



## Home care agency count increases for the third straight year

The number of home care agencies in the U.S. rose 3.2% in 2004, to 12,284 from 11,903 in 2003, the third consecutive annual increase and the highest mark since 2000. States reporting the largest percentage gains in the

number of agencies in this period included Georgia (13.7%), Maryland (12.5%) and Nevada (11.9%). The ratio of home care agencies to 1,000 people age 65 and older grew to 0.34, after three straight years at 0.33.

NUMBER OF HOME CARE AGENCIES IN THE UNITED STATES

STATE	Total # in 2003 <sup>1</sup>	Total # in 2004 <sup>2</sup>	% Change 2003-2004	Total # in 1986	% Change 1986-2004	Population 65+ (000s) <sup>3</sup>	Agencies/ 1,000 <sup>4</sup>
Alabama	195	205	5.1%	111	84.7%	598	0.34
Alaska	20	19	-5.0	3	533.3	42	0.45
Arizona	128	116	-9.4	70	65.7	732	0.16
Arkansas	244	245	0.4	183	33.9	381	0.64
California	826	884	7.0	401	120.4	3,823	0.23
Colorado	153	157	2.6	109	44.0	451	0.35
Connecticut	142	143	0.7	123	16.3	474	0.30
Delaware	34	36	5.9	21	71.4	109	0.33
Florida	933	983	5.4	148	564.2	2,928	0.34
Georgia	168	191	13.7	74	158.1	847	0.23
Hawaii	19	17	-10.5	0	—	172	0.10
Idaho	77	78	1.3	23	239.1	159	0.49
Illinois	437	483	10.5	288	67.7	1,521	0.32
Indiana	267	275	3.0	106	159.4	772	0.36
Iowa	202	203	0.5	126	61.1	433	0.47
Kansas	280	264	-5.7	112	135.7	355	0.74
Kentucky	192	198	3.1	95	108.4	519	0.38
Louisiana	299	309	3.3	119	159.7	528	0.59
Maine	97	93	-4.1	20	365.0	190	0.49
Maryland	80	90	12.5	96	-6.3	635	0.14
Massachusetts	177	186	5.1	161	15.5	854	0.22
Michigan	296	297	0.1	157	89.2	1,247	0.24
Minnesota	330	320	-3.0	143	123.8	615	0.52
Mississippi	141	151	7.1	135	11.9	353	0.43
Missouri	197	209	6.1	175	19.4	766	0.27
Montana	54	56	3.7	20	180.0	127	0.44
Nebraska	103	100	-2.9	30	233.3	232	0.43
Nevada	59	66	11.9	16	312.5	262	0.25
New Hampshire	91	81	-11.0	42	92.9	157	0.52
New Jersey	148	160	8.1	54	196.3	1,126	0.14
New Mexico	99	95	-4.0	42	126.2	229	0.41
New York	665	644	-3.2	144	347.2	2,493	0.26
North Carolina	417	421	1.0	107	293.5	1,032	0.41
North Dakota	49	45	-8.2	24	87.5	93	0.48
Ohio	480	497	3.5	204	143.6	1,525	0.33
Oklahoma	285	300	5.3	123	143.9	464	0.65
Oregon	76	79	3.9	60	31.7	460	0.17
Pennsylvania	385	398	3.4	199	100.0	1,897	0.21
Rhode Island	67	63	-6.0	15	320.0	151	0.42
South Carolina	121	123	1.7	36	241.7	520	0.24
South Dakota	62	61	-1.6	17	258.8	109	0.56
Tennessee	287	307	7.0	253	21.3	738	0.42
Texas	1,660	1,783	7.4	490	263.9	2,217	0.80
Utah	102	105	2.9	22	377.3	208	0.51
Vermont	25	20	-20.0	21	-4.8	81	0.25
Virginia	255	269	5.5	95	183.2	847	0.32
Washington	121	119	-1.7	42	183.3	703	0.17
Washington DC	18	19	5.6	14	35.7	67	0.28
West Virginia	78	77	-1.3	33	133.3	278	0.28
Wisconsin	201	193	-4.0	118	63.6	716	0.27
Wyoming	61	51	-16.4	30	70.0	61	0.83
<b>TOTAL U.S.</b>	<b>11,903</b>	<b>12,284</b>	<b>3.2%</b>	<b>5,250</b>	<b>134.0%</b>	<b>36,294</b>	<b>0.34</b>

Data source: Verispan LLC © 2005

## AGENCIES ARE VERY BROADLY DEFINED

A home care agency may be included in the database for this Digest if it is licensed by the state in which it is located, certified by the Centers for Medicare and Medicaid Services or part of a licensed home care chain. It must also have at least three nonadministrative staff members (i.e., field members) permanently located in that office. Finally, the agency staff must provide at least two types of home care services, except where the agency is providing only skilled nursing care. Excluded from the database are home care agencies offering only durable medical equipment and home care agency branch offices with staffs that rotate between and among several offices.

<sup>1</sup> Excludes 51 home care agencies in Puerto Rico.<sup>2</sup> Excludes 45 home care agencies in Puerto Rico.<sup>3</sup> State population data are a projection of the U.S. Department of Commerce Bureau of the Census, Population Distribution Branch, published July 2004.<sup>4</sup> "Per 1,000" ratio is for people age 65 and older.



## Number of independent proprietary home care agencies rises

The number of independent for-profit home care agencies in the U.S. climbed 16.4% in 2004, to 3,423 from 2,940 in 2003, while the number of chain for-profit home care agencies grew 1.7%, to 3,237 from 3,183 the prior

year. In accordance, the combined independent for-profit (27.9%) and chain for-profit (26.4%) agency share of the home care industry rose notably, to 54.2% from 51.4% in 2003, the fourth consecutive annual increase.

### AGENCIES SUSTAIN TREND TOWARD LOWER VISITS COUNT

The ratio of agencies that conducted fewer than 101 visits per week (the lowest weekly average) to all home care agencies nationwide jumped to 20.0% from 16.0% in 2003, the sixth straight annual increase. Conversely, the ratio of agencies that had more than 500 visits per week (the highest weekly average) to all home care agencies fell to 17.4% from 20.1% the previous year, the seventh consecutive annual decrease.

### HOSPITAL-BASED AGENCIES HAVE MANY MEDICARE PATIENTS

The ratio of Medicare beneficiaries to all patients in hospital-based homes was 70.7%, up fractionally from 70.5% in 2003, by far the highest share by facility type. The ratio of patients with Medicare coverage to all patients in rehabilitation facility-based homes rose notably between 2002 (33.3%) and 2004 (55.0%).

<sup>1</sup> Column totals are rounded.

<sup>2</sup> "Not Known" includes home care agencies that did not report either an ownership type or an average number of visits per week.

<sup>3</sup> Percentages indicate the overall share of patients with Medicare coverage in the responding home care agencies.

<sup>4</sup> Percentages indicate the overall share of patients with Medicaid coverage in the responding home care agencies.

#### HOME CARE AGENCY INDUSTRY PROFILE<sup>1</sup>

TYPE OF AGENCY OWNERSHIP	# of Agencies	% of Agencies <sup>1</sup>	AVG. VISITS/WEEK	# of Agencies	% of Agencies <sup>1</sup>
Independent FP	3,423	27.9%	1-100	2,461	20.0%
Independent NFP	1,934	15.7	101-300	2,822	23.0
Chain FP	3,237	26.4	301-500	1,594	13.0
Chain NFP	1,763	14.4	501+	2,135	17.4
Government	886	7.2	Not Known <sup>2</sup>	3,272	26.6
Church	120	1.0		12,284	100.0%
Not Known <sup>2</sup>	921	7.5			
	12,284	100.0%			
TYPE OF FACILITY	# of Agencies	% of Agencies <sup>1</sup>	REGION	# of Agencies	% of Agencies <sup>1</sup>
Hospital Based	1,755	14.3%	Pacific	1,118	9.1%
Nursing Home Based	223	1.8	Mountain	724	5.9
Rehab. Facility Based	11	0.1	W. North Central	1,202	9.8
Official Govt. Agency	569	4.6	E. North Central	1,745	14.2
Other	371	3.0	South Central	3,498	28.5
Not Facility Based	9,355	76.2	New England	586	4.8
	12,284	100.0%	Mid-Atlantic	1,202	9.8
			South Atlantic	2,209	18.0
				12,284	100.0%
			CERTIFICATION		
			Medicare-certified	7,178	58.4%
			Noncertified	5,106	41.6
				12,284	100.0%

#### HOME CARE GOVERNMENT PAYER

TYPE OF AGENCY OWNERSHIP	Medicare <sup>3</sup>		Medicaid <sup>4</sup>		AVG. VISITS/WEEK	Medicare <sup>3</sup>		Medicaid <sup>4</sup>	
	# of Agencies	% of Patients	# of Agencies	% of Patients		# of Agencies	% of Patients	# of Agencies	% of Patients
Independent FP	1,756	48.9%	1,733	24.7%	1-100	1,593	56.7%	1,564	20.1%
Independent NFP	1,141	62.7	1,132	19.2	101-300	1,802	57.6	1,781	21.6
Chain FP	1,528	42.8	1,504	24.2	301-500	901	55.6	894	22.7
Chain NFP	956	63.9	942	18.2	501+	1,213	46.3	1,205	25.4
Government	531	60.0	523	24.1	Not Known <sup>2</sup>	458	39.6	444	23.8
Church	52	51.1	51	15.5					
Not Known <sup>2</sup>	3	62.7	3	1.7					
TYPE OF FACILITY	# of Agencies	% of Patients	# of Agencies	% of Patients	REGION	# of Agencies	% of Patients	# of Agencies	% of Patients
Hospital Based	1,145	70.7%	1,126	14.4%	Pacific	571	53.2%	562	14.2%
Nursing Home Based	118	42.3	121	22.8	Mountain	411	54.8	405	22.0
Rehab. Facility Based	6	55.0	6	19.3	W. North Central	636	47.4	636	30.6
Official Govt. Agency	336	54.3	336	30.2	E. North Central	710	56.8	708	18.8
Other	151	56.0	149	21.2	South Central	1,451	64.8	1,411	21.9
Not Facility Based	4,211	48.8	4,150	23.8	New England	287	41.3	288	29.7
					Mid-Atlantic	451	42.4	450	23.8
					South Atlantic	1,450	48.3	1,428	22.1
					CERTIFICATION				
					Medicare-certified	3,962	63.0%	3,882	19.4%
					Noncertified	2,005	34.4	2,006	27.8

Data source: Verispan LLC © 2005



## Nation's 35 largest home care chains operate fewer agencies

The 35 largest home care chains in the U.S. operated 2,234 agencies in 2004, compared with 2,277 in 2003. In accordance, these top chains accounted for 18.2% of all home care agencies, down from 19.1% the previous year.

The nation's 10 largest home care chains operated 1,317 agencies, a moderate decline from 1,351 in 2003. The average number of employees per office in these top 10 chains also fell between 2003 (42.4) and 2004 (67.2).

THE NATION'S 35 LARGEST HOME CARE CHAINS\*

NAME / HEADQUARTERS	Current Rank	Previous Rank	Tax Status	# of Agencies	Average # Employees per Office	# of States
Interim HealthCare / Sunrise, Fla.	1	1	FP	240	81.8	37
Gentiva Health Services / Melville, N.Y.	2	2	FP	205	73.1	35
Maxim Healthcare Services / Columbia, Md.	3	3	FP	194	151.2	40
Intrepid USA / Edina, Minn.	4	4	FP	129	44.8	27
Amedisys / Baton Rouge, La.	5	6	FP	115	37.6	12
Option Care Inc. / Buffalo Grove, Ill.	6	5	FP	99	28.0	30
Arkansas Department Of Health / Little Rock, Ark.	7	9	NFP	88	16.2	1
Bayada Nurses / Moorestown, N.J.	8	11	FP	86	143.4	14
Kelly Home Care Services / Troy, Mich.	9	7	FP	84	72.4	28
Coram Healthcare / Denver, Colo.	10	8	FP	77	23.3	40
Pediatric Services of America / Norcross, Ga.	11	10	FP	66	36.4	21
Louisiana Healthcare Group / Lafayette, La.	12	18	FP	62	23.9	5
Tender Loving Care Staff Builders / Lake Success, N.Y.	13	13	FP	60	68.3	21
Housecall Medical Resources / Knoxville, Tenn.	14	12	FP	58	24.3	5
Heartland Home Health Care & Hospice / Toledo, Ohio	15	14	FP	54	62.7	17
Quorum Health Resources / Brentwood, Tenn.	16	16	NFP	52	17.3	26
Personal Touch Home Care / Bayside, N.Y.	17	20	FP	50	56.4	14
Arcadia Services Inc. / Southfield, Mich.	18	15	FP	48	73.7	17
Stia-Home Health Agency / Jackson, Miss.	19	19	FP	38	22.9	1
Kaiser Permanente / Oakland, Calif.	20	17	NFP	37	63.8	4
CareSouth Homecare Professionals / Augusta, Ga.	21	—	FP	32	44.3	6
National HealthCare Corporation / Murfreesboro, Tenn.	22	23	FP	32	15.8	3
Nursefinders / Arlington, Texas	23	22	FP	32	94.1	13
Girling Health Care / Austin, Texas	24	21	FP	31	33.6	6
Community Health Systems / Brentwood, Tenn.	25	25	FP	28	22.6	15
Patient Care Medical Services Inc. / West Orange, N.J.	26	—	FP	28	149.0	8
Almost Family / Louisville, Ky.	27	—	FP	26	69.5	7
Trinity Health / Novi, Mich.	28	26	NFP	26	57.7	8
Lifeline Home Health Care / Somerset, Ky.	29	27	FP	25	30.8	2
Liberty Home Care / Wilmington, N.C.	30	31	FP	23	37.7	2
Matria Healthcare / Marietta, Ga.	31	30	FP	23	15.8	17
Avera Health / Sioux Falls, S.D.	32	28	NFP	22	13.5	4
Catholic Health Initiatives / Denver, Colo.	33	29	NFP	22	17.6	9
Catholic Healthcare West / San Francisco, Calif.	34	35	NFP	21	47.9	2
Mederi / Miami, Fla.	35	—	FP	21	23.0	3
<b>TOTAL/AVERAGE</b>				<b>2,234</b>	<b>52.7</b>	

Data source: Verispan LLC © 2005

\* This table includes all home care agency offices owned, franchised or managed by these chains.

## PROPRIETARY CHAINS ACCOUNT FOR MOST OF TOP 35 CHAINS

Of the 35 largest home care chains in the nation, by number of agencies, 28 (80.0%) were for-profit in 2004, up notably from 24 (68.6%) in 2003. The top six home care chains were all proprietary, as were 14 of the top 15. In 2004, Tennessee served as headquarters for four of these 35 largest home care chains, more than any other state; Georgia, Michigan and New York each served as home state for three of these chains.

## LARGEST HOME CARE CHAIN LIST FEATURES FOUR FP NEWCOMERS

Four of the 35 largest home care chains in the nation—all of which were for-profit chains—were new to the list in 2004. These four newcomer home care chains together accounted for 107 agencies, 32 of which were operated by CareSouth Homecare Professionals, largest of those new to the list. The four chains that dropped off the list of the 35 largest home care chains in 2004—all of which were not-for-profit chains—together operated 82 home care agencies in 2003.